



State of Tennessee

Justin P. Wilson, State Comptroller

For Immediate Release: November 13, 2013

Department of General Services Audit Finds Contract Procurement Weaknesses

A report released today by the Comptroller's office details flaws in the way that the Department of General Services (DGS) handled a contract for facility assessments, master planning and facility management services for the state's real estate properties.

According to the audit, although DGS did not violate state policy and procedures, department management intentionally procured a contract that was broad in scope so that they could later procure specific services through the contract amendment process. Auditors reported that they could not determine whether some of the amendments were within management's original contract scope. In addition, auditors reported that in two cases, these amendments created organizational conflicts of interest whereby the contractor could profit from its own recommendations to the state.

Auditors reported in a separate finding that DGS did not adequately document its decision to exclude a vendor when procuring the facilities management services contract.

The audit also highlighted issues with the department's payment cards and information systems. Auditors found that 20 state agencies representing 78 percent of the state's cardholders did not submit documentation of their purchases for several months. The entire report can be viewed online at:

<http://www.comptroller.tn.gov/repository/SA/pa13044.pdf>

"The state's citizens must be able to rely on the Department of General Services' officials to properly administer the state's contract procurement process, including those contracts involving the state's real estate properties," Comptroller Justin P. Wilson said. "The new commissioner of the department should ensure full transparency and accountability in all procurement activities and should take steps, including disclosure, to mitigate against the risks of any potential conflicts of interest, if those conflicts cannot be avoided in the first place."

A joint subcommittee of the General Assembly's Government Operations Committees will hold sunset hearings on the Procurement Commission, the Advisory Council on State Procurement, and the State Protest Committee, which are administratively attached to the department's Central Procurement Office, on November 13 at 9 a.m. in Room 30 in Legislative Plaza.

If you suspect an individual or an agency of fraud, waste, or abuse of public funds in Tennessee, please contact the Comptroller's hotline toll free at 1-800-232-5454 or fill out a report at

<http://www.comptroller.tn.gov/shared/safwa.asp>.

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